

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**ENERGY DIVISION**

**I.D. # 12332  
RESOLUTION E-4608  
September 5, 2013**

**REDACTED  
RESOLUTION**

Resolution E-4608. San Diego Gas & Electric Company (SDG&E) requests approval of two sales agreements with the City of Santa Clara DBA Silicon Valley Power and Imperial Irrigation District to resell renewable generation and the associated renewable energy credits.

**PROPOSED OUTCOME:** This Resolution approves SDG&E's sales agreement with City of Santa Clara DBA Silicon Valley Power and SDG&E's sales agreement with Imperial Irrigation District without modification.

**SAFETY CONSIDERATIONS:** The agreements approved by this resolution will not alter existing agreements or any facility operations. Because these agreements do not require a change in facility operations there are no incremental safety implications associated with approval of these agreements beyond the status quo.

**ESTIMATED COST:** Costs of the agreements are confidential at this time.

By Advice Letter 2491-E filed on June 14, 2013 and  
Advice Letter 2504-E filed on July 22, 2013.

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**SUMMARY**

**San Diego Gas & Electric Company's proposed sales agreements with the City of Santa Clara DBA Silicon Valley Power and Imperial Irrigation District comply with the Renewables Portfolio Standard (RPS) program guidelines and are approved.**

San Diego Gas & Electric Company (SDG&E) filed Advice Letter (AL) 2491-E on June 14, 2013 requesting Commission review and approval of a sales agreement executed with the City of Santa Clara DBA Silicon Valley Power<sup>1</sup> (SVP). On July 22, 2013, SDG&E filed AL 2504-E requesting Commission review and approval of a sales agreement executed with Imperial Irrigation District (IID). Both agreements are short-term, bilateral agreements for the resale of renewable generation and associated renewable energy credits (RECs) (“bundled” products) from various operating, RPS-certified facilities that are under contract to SDG&E.

This resolution approves the two sales agreements without modification. SDG&E’s execution of these agreements is consistent with SDG&E’s 2012 RPS Procurement Plan, including its resource need, which the Commission approved in Decision 12-11-016. Sales from SDG&E to SVP and IID pursuant to the agreements are reasonably priced. Payments received by SDG&E under the sales contracts shall be credited to SDG&E’s ratepayers via SDG&E’s Energy Resource Recovery Account (ERRA).

The following table summarizes the agreements:

**Table 1: Summary of the SVP Agreement and IID Agreement**

<b>Buyer</b>	<b>Technology Type</b>	<b>Term (Years)</b>	<b>Minimum Energy (GWh)</b>	<b>Contract Start Date</b>	<b>Location</b>
Silicon Valley Power	Various, existing RPS-eligible technologies	0.33	150	Later of CPUC approval or September 1, 2013	California
Imperial Irrigation District	Various, existing RPS-eligible technologies	0.25	352	Later of CPUC approval or October 1, 2013	California

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<sup>1</sup> Silicon Valley Power is the municipal electric utility for the City of Santa Clara.

## **BACKGROUND**

### **Overview of the Renewables Portfolio Standard (RPS) Program**

The California RPS program was established by Senate Bill (SB) 1078, and has been subsequently modified by SB 107, SB 1036, and SB 2 (1X).<sup>2</sup> The RPS program is codified in Public Utilities Code Sections 399.11-399.31.<sup>3</sup> Under SB 2 (1X), the RPS program administered by the Commission requires each retail seller to procure eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources be an amount that equals an average of 20 percent of the total electricity sold to retail customers in California for compliance period 2011-2013; 25 percent of retail sales by December 31, 2016; and 33 percent of retail sales by December 31, 2020.<sup>4</sup>

Additional background information about the Commission's RPS Program, including links to relevant laws and Commission decisions, is available at <http://www.cpuc.ca.gov/PUC/energy/Renewables/overview.htm> and <http://www.cpuc.ca.gov/PUC/energy/Renewables/decisions.htm>.

## **NOTICE**

Notice of AL 2491-E and AL 2504-E was made by publication in the Commission's Daily Calendar. SDG&E states that copies of the Advice Letter were mailed and distributed in accordance with Section 3.14 of General Order 96-B.

## **PROTESTS**

No protests were filed.

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<sup>2</sup> SB 1078 (Sher, Chapter 516, Statutes of 2002); SB 107 (Simitian, Chapter 464, Statutes of 2006); SB 1036 (Perata, Chapter 685, Statutes of 2007); SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session).

<sup>3</sup> All further references to sections refer to Public Utilities Code unless otherwise specified.

<sup>4</sup> D.11-12-020 established a methodology to calculate procurement requirement quantities for the three different compliance periods covered in SB 2 (1X) (2011-2013, 2014-2016, and 2017-2020).

## **DISCUSSION**

**San Diego Gas & Electric Company (SDG&E) requests approval of a sales agreement with Silicon Valley Power and a sales agreement with Imperial Irrigation District.**

On June 14, 2013, SDG&E filed AL 2491-E requesting Commission approval of a bilaterally negotiated short-term sales agreement with SVP. Additionally, on July 22, 2013, SDG&E filed AL 2504-E requesting approval of a bilaterally negotiated short-term sales agreement with the Imperial Irrigation District. In AL 2491-E and AL 2504-E, SDG&E asserts that the executed sales agreements lower costs to ratepayers while optimizing the value of its RPS portfolio.

Pursuant to the sales agreements, SDG&E will sell RPS-eligible energy and associated RECs from facilities that are under CPUC-approved contracts to provide RPS-eligible generation and associated RECs to SDG&E. The net result of the two contracts is a decrease of approximately 502 gigawatt-hours (GWh) to SDG&E's RPS portfolio.

The facilities from which SDG&E may re-sell RPS-eligible energy and associated RECs to SVP and IID are listed in Table 2 (below). All facilities are located in California and interconnected into the California Independent System Operator (CAISO) balancing authority.

**Table 2: List of Facilities under contract to SDG&E that may provide RPS-eligible energy and associated RECs to SVP and IID**

Name of Facility	Resource	Location	CEC RPS ID	Host Balancing Authority
AES Delano Inc	Biomass	Delano, CA	60431A	CAISO
Badger Filtration Plant	Conduit Hydro	Rancho Sante Fe, CA	60438E	CAISO
Blue Lake Power, LLC	Biomass	Blue Lake, CA	60690A	CAISO
Borrego PV Solar I	Solar PV	Borrego Springs, CA	61211C	CAISO
Calpine Geysers	Geothermal	Sonoma & Lake County, CA	60002A	CAISO
			60003A	CAISO
			60004A	CAISO
			60005A	CAISO
			60006A	CAISO

<b>Name of Facility</b>	<b>Resource</b>	<b>Location</b>	<b>CEC RPS ID</b>	<b>Host Balancing Authority</b>
			60007A	CAISO
			60008A	CAISO
			60009A	CAISO
			60012D	CAISO
			60013D	CAISO
			60014C	CAISO
			60015C	CAISO
			60016C	CAISO
Catalina Solar	Solar PV	Kern County, CA	61590C	CAISO
Coram Energy, LLC	Wind	Tehachapi, CA	60376E	CAISO
Covanta Otay 3	Biogas	Chula Vista, CA	60571A	CAISO
GRS – Sycamore	Biogas	Santee, CA	60486A	CAISO
FPL Energy Green Power Wind	Wind	Palm Springs, CA	60443A	CAISO
Kumeyaay Wind	Wind	Boulevard, CA	60432A	CAISO
Manzana Wind	Wind	Tehachapi, CA	61671C	CAISO
Mesa Wind Farm	Wind	Riverside County, CA	60370A	CAISO
MM Prima Deshecha Energy, LLC	Biogas	San Juan Capistrano, CA	60552A	CAISO
Mountain View III	Wind	Riverside County, CA	60430A	CAISO
Oasis Power Partners	Wind	Mojave, CA	60489A	CAISO
Ocotillo Wind Energy Facility	Wind	Imperial Valley, CA	61400C	CAISO
Pacific Wind, LLC	Wind	Tehachapi, CA	61555C	CAISO
Phoenix West	Wind	Riverside County, CA	60445A	CAISO
Rancho Penasquitos	Conduit Hydro	San Diego, CA	60470A	CAISO

SDG&E requests the Commission to issue a resolution that finds<sup>5</sup>:

1. The proposed sales agreements with SVP and IID are consistent with SDG&E's CPUC-approved RPS Procurement Plan and the sale of the bundled renewable electricity and green attributes under the proposed agreements with SVP and IID are reasonable and in the public interest.
2. SDG&E's entry into the proposed agreements with SVP and IID and the terms of such agreements are reasonable; therefore, the proposed agreements are approved in their entirety and all costs of the proposed agreements are fully recoverable in rates over the life of the proposed agreements, subject to Commission review of SDG&E's administration of the proposed agreements.
3. The total expected revenues of the proposed agreement are reasonable based on the estimated costs to SDG&E ratepayers and the proposed agreement's price relative to market data.
4. Payments received by SDG&E pursuant to the proposed agreements shall be credited to SDG&E ratepayers through SDG&E's Energy Resource Recovery Account over the life of the proposed agreements, subject to Commission review of SDG&E's administration of the proposed agreements.
5. Any other and further relief as the Commission finds just and reasonable.

### **Energy Division Review Of The Proposed Agreements**

Energy Division evaluated the two agreements using the following criteria:

- Consistency with bilateral contracting guidelines
- Consistency with SDG&E's 2012 RPS Procurement Plan (Plan)
- Consistency with RPS standard terms and conditions (STC)
- Independent Evaluator review
- Procurement Review Group (PRG) participation
- Price and Cost reasonableness

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<sup>5</sup> AL 2491-E, p. 12 and AL 2504-E, p. 13

- Contract viability
- Public Safety

### **Consistency With Bilateral Contracting Guidelines**

SDG&E adhered to the bilateral contracting rules because the SVP and IID agreements are each longer than one month in duration; the agreements were filed by advice letter; were reviewed by SDG&E's Procurement Review Group; negotiations were overseen by an independent evaluator; and the SVP and IID agreements are reasonably priced, as discussed in more detail below.

The SVP and IID Agreements are consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.

### **Consistency with SDG&E's 2012 RPS Procurement Plan**

Pursuant to statute, SDG&E's RPS Procurement Plan (Plan) includes an assessment of supply and demand to determine the optimal mix of renewable generation resources; description of potential RPS compliance delays; status update of projects within its RPS portfolio; an assessment of the project failure and delay risk within its RPS portfolio; and a bid solicitation protocol setting forth the need for renewable generation of various operational characteristics.<sup>6</sup> California's RPS statute also requires that the Commission review the results of a renewable energy resource solicitation submitted for approval by a utility.<sup>7</sup> The Commission reviews the results to verify that the utility conducted its solicitation according to its Commission-approved procurement plan.<sup>8</sup>

In SDG&E's 2012 RPS Plan, SDG&E expressed a commitment to meet its RPS requirements in a cost-effective manner. SDG&E's 2012 RPS Plan called for SDG&E to issue competitive solicitations for the purchase and sale of RPS-eligible energy and/or RECs and that bilateral offers would be considered if they were competitive when compared against recent solicitation offers and provide

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<sup>6</sup> Pub. Util. Code § 399.13(a)(5).

<sup>7</sup> Pub. Util. Code § 399.13(d).

<sup>8</sup> SDG&E's 2012 RPS Procurement Plan was approved by D.12-11-016 on November 8, 2012.

benefits to SDG&E customers. In addition, SDG&E stated that it would consider short-term contracts when it is short in the most immediate Compliance Period, but long in the subsequent Compliance Period. Procurement strategies that maximize the product category limitations in order to optimize ratepayer value across compliance periods would also be considered. Lastly, SDG&E's Plan discussed utility plans to pursue renewable energy generation development partnerships and utility-owned resources.

The SVP and IID agreements are for the sale of renewable generation and associated RECs that fit SDG&E's renewable resource needs as identified in its 2012 RPS Plan. Thus, the SVP and IID agreements are consistent with SDG&E's 2012 RPS Procurement Plan, as approved by D.12-11-016.

### **SDG&E's RPS Procurement Portfolio Need**

Energy Division forecasts SDG&E to have excess renewable generation in Compliance Period 2011-2013.<sup>9</sup> This Energy Division forecast takes into account a certain amount of contract failure within SDG&E's RPS procurement portfolio. Figure 1, below, depicts Energy Division's forecast of SDG&E's RPS net long/short position for each compliance period under a risk-adjusted scenario.<sup>10</sup> This graphical illustration shows that prior to the proposed contracts SDG&E is forecasted to have excess RPS procurement in the Compliance Period 2011-2013 and Compliance Period 2014-2016, but may have insufficient RPS resources under contract during the Compliance Period 2017-2020.<sup>11</sup> All or a portion of the

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<sup>9</sup> In addition to increasing California's RPS requirement to 33 percent from 20 percent, SB 2 (1X) (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) establishes three different compliance periods. In D.11-12-020 the Commission defined the compliance periods (2011-2013; 2014-2016; and 2017-2020) and the methodology for calculating the RPS procurement quantity requirements for each compliance period.

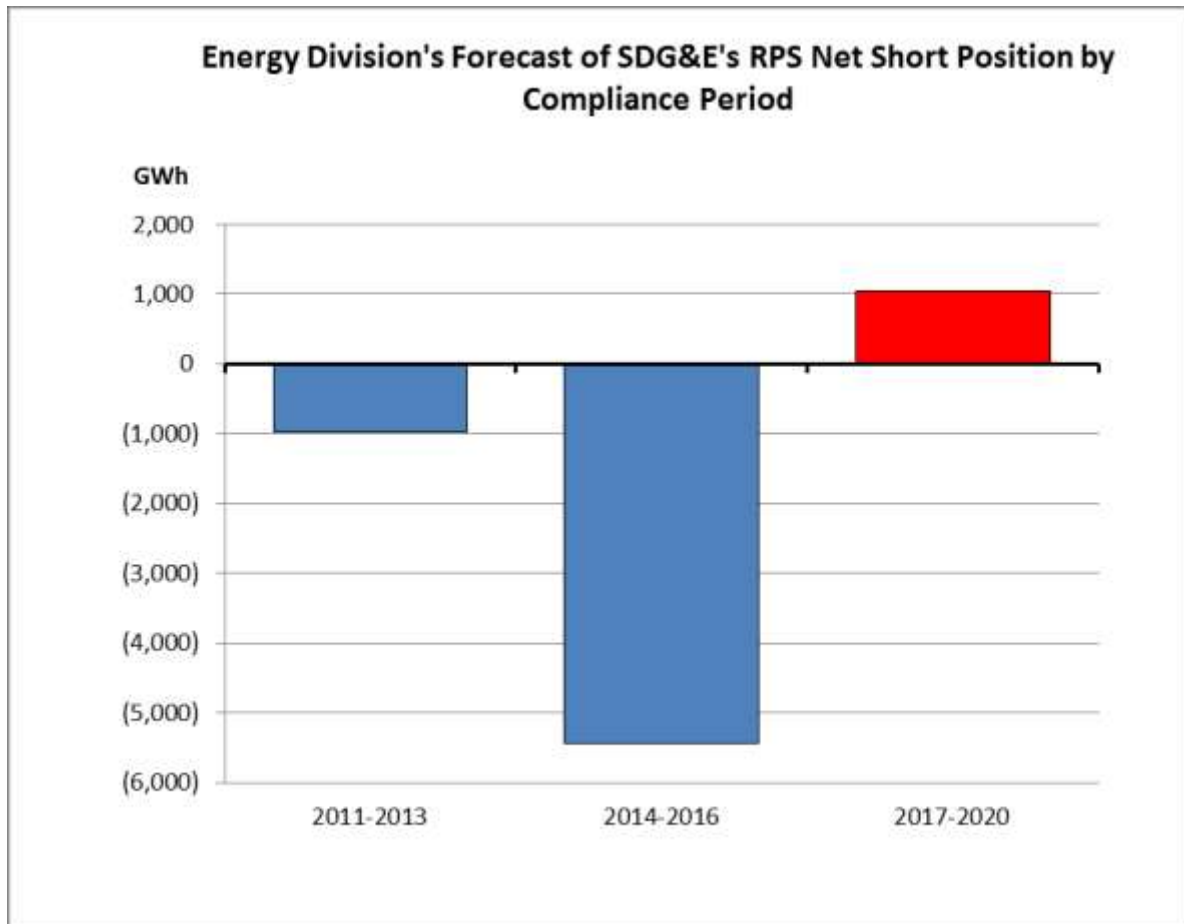
<sup>10</sup> Energy Division staff's forecast of SDG&E's RPS Procurement Portfolio is based on SDG&E's 2011 Preliminary Annual 33% RPS Compliance Report and the Commission's RPS Project Status Table. The Energy Division's forecast does not include any contracts pending Commission approval, executed - but not filed, nor contracts under negotiation.

<sup>11</sup> Energy Division staff made several assumptions in developing its forecast: 1) operational projects will generate 100% of contracted generation; 2) projects under development will have a 75 percent rate of meeting the terms and conditions of the PPAs; 3) no carrying over of forecasted excess generation from one compliance period to another because SDG&E may or may not choose to apply all excess procurement towards subsequent requirements (but, if all forecasted eligible excess procurement is



forecasted excess procurement from the second compliance period could potentially be applied towards future RPS requirements, and thus could reduce SDG&E's RPS needs in Compliance Period 2017-2020 or later. The sales agreements with SVP and IID would decrease the amount of forecasted excess generation, but not to an amount below SDG&E's forecasted RPS compliance need for the Compliance Period 2011-2013.

**Figure 1: Energy Division forecasts that SDG&E may have excess RPS procurement in the Compliance Period 2011-2013**



applied to future compliance periods, SDG&E is forecasted to have a net long position, instead of a net short position, for Compliance Period 2017-2020); and 4) prior deficits will need to be satisfied.

### **Consistency with RPS Standard Terms and Conditions**

The Commission adopted a set of standard terms and conditions (STCs) required in RPS contracts, four of which are considered “non-modifiable.” The STCs were compiled in D.08-04-009 and subsequently amended in D.08-08-028. The Commission further refined these STCs in D.10-03-021, as modified by D.11-01-025.

Both the SVP and IID sales agreements are based on the Western Systems Power Pool (WSPP) agreement. The SVP and IID agreements include the Commission adopted RPS “non-modifiable” standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.

### **Portfolio Content Categories and Resale**

In D.11-12-052, the Commission defined and implemented portfolio content categories for the RPS program. D.11-12-052 also adopted a set of conditions for allowing the resale of a part of or all of a contract for RPS procurement.

In AL 2491-E and AL 2504-E, SDG&E claims that it is procuring Portfolio Content Category 1 product and reselling the product to SVP and IID as Portfolio Content Category 1 product pursuant to the SVP and IID sales agreements. To support its claim, SDG&E states that the product being sold will be from RPS-certified facilities that have their first point of interconnection with the California Independent System Operator balancing authority.

In this resolution, however, the Commission makes no determination regarding the proposed agreements’ portfolio content category classification or if resale conditions are met because RPS contract evaluation process is a separate process from the RPS compliance determination and portfolio content category classification which requires consideration of several factors based on various showings in a compliance filing.<sup>12</sup> Thus, making a portfolio content classification determination in this resolution regarding the procurement considered herein is not appropriate.

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<sup>12</sup> D.11-12-052, pp. 8, 12.

### **Independent Evaluator Review**

SDG&E retained independent evaluator (IE) Jonathan Jacobs of PA Consulting Group to oversee SDG&E's bilateral negotiations with SVP and IID and to evaluate the overall merits for CPUC approval of the agreements. AL 2491-E and AL 2504-E included public and confidential independent evaluator's reports for the SVP and IID sales agreements, respectively.

In the SVP IE report, the IE states that he believes that the SVP sales agreement merits Commission approval. Specifically, the IE notes that the agreements are "economically beneficial to SDG&E's ratepayers" and "almost surely pose no risk to SDG&E's achievement of its CP1 [Compliance Period 2011-2013] RPS requirement." The IE made the same conclusions regarding the IID sales agreement.

Consistent with D.06-05-039 and D.09-06-050, an independent evaluator oversaw SDG&E's negotiations with SVP and IID.

### **Procurement Review Group Participation**

The Procurement Review Group (PRG) was initially established in D.02-08-071 as an advisory group to review and assess the details of the IOUs' overall procurement strategy, solicitations, specific proposed procurement contracts and other procurement processes prior to submitting filings to the Commission.<sup>13</sup> SDG&E asserts that the SVP sales agreement was discussed at PRG meetings in April and May of 2013 and the IID sales agreement was discussed at the May and June of 2013 meetings. Thus, pursuant to D.02-08-071, SDG&E's Procurement Review Group participated in the review of the SVP and IID agreements.

### **Cost Reasonableness**

In AL 2491-E and AL 2504-E, SDG&E stated that the sales agreements are intended to "optimize" SDG&E's RPS portfolio. SDG&E analyzed the cash flows related to the costs and revenues of the two sales agreements. Specifically,

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<sup>13</sup> SDG&E's PRG includes representatives of the Union of Concerned Scientists, the Coalition of California Utility Employees, The Utility Reform Network, the California Public Utility Commission's Energy Division and Division of Ratepayer Advocates, and the California Department of Water Resources.

SDG&E considered: revenue realized from the sale of renewable power; the replacement cost of null power at the time of delivery coincident with the sale; the replacement cost of any banked RECs that had been carried forward as a result of procurement in excess of the annual RPS targets; and the year in which SDG&E's RPS procurement position (after banking) is less than the RPS procurement target. Additionally, SDG&E compared the prices of the sales agreements to its previously executed sales agreements and recent short-term RPS purchase agreements.

For the review of the sales agreements' price reasonableness, the Commission compared the sales agreements' prices to the sales agreements' prices of SDG&E's recently executed sales agreements and market data. Based on this analysis and the confidential analysis provided by SDG&E in AL 2491-E and AL 2504-E, we determine that the sales agreements' prices are reasonable. We note, however, that the Commission has not established rules for price reasonableness review of contracts for RPS sales by IOUs and that the analysis of the sales agreements' price reasonableness here is not precedent setting. Confidential Appendix A includes a detailed discussion of the contractual pricing terms and the analysis of the reasonableness of the contracts' prices.

The total expected revenues of the sales agreements are reasonable based on the estimated costs to SDG&E ratepayers and the sales agreements' prices relative to recently executed SDG&E contracts and market data.

Payments received by SDG&E under the sales agreements shall be credited to SDG&E's ratepayers through SDG&E's Energy Resource Recovery Account (ERRA) over the life of the sales agreements, subject to Commission review of SDG&E's administration of the sales agreements.

SDG&E is required to demonstrate in its ERRA Review Proceedings that its least-cost dispatch processes, operations and related spot market transactions comply with all applicable Standards of Conduct (SOC) (including SOC No. 4 concerning cost dispatch obligations). SDG&E shall record the transactions authorized in this Resolution in its ERRA Balancing Accounts, and these transaction shall be subject to the Commission's ERRA Review Proceeding.

### **Contract Viability**

The generation to be delivered pursuant to the SVP and IID agreements is from a large portfolio of facilities, all of which have already been certified by the CEC as RPS-eligible and are generating RPS-eligible energy; thus, it is reasonable that SDG&E will be able to meet the terms and conditions of the sales agreements.

### **Public Safety**

California Public Utilities Code Section 451 requires that every public utility maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment and facilities to ensure the safety, health, and comfort of the public. This resolution approves two contracts. The SVP and IID agreements are for the sale of renewable generation and associated RECs from RPS-eligible facilities. None of the sales agreement alter existing power purchase agreements or any facility operations. As these agreements do not require a change in facility operations, there are no incremental safety implications associated with approval of these contracts beyond the status quo. Based on the information before us, these agreements do not appear to result in any adverse safety impacts on the facilities or operations of SDG&E.

### **RPS ELIGIBILITY AND CPUC APPROVAL**

Pursuant to Pub. Util. Code § 399.25, the CEC certifies eligible renewable energy resources. Generation from a resource that is not CEC-certified cannot be used to meet RPS requirements. To ensure that only CEC-certified energy is procured under a Commission-approved RPS contract, the Commission has required standard and non-modifiable “eligibility” language in all RPS contracts. That language requires a seller to warrant that the project qualifies and is certified by the CEC as an “Eligible Renewable Energy Resource,” that the project’s output delivered to the buyer qualifies under the requirements of the California RPS, and that the seller uses commercially reasonable efforts to maintain eligibility should there be a change in law affecting eligibility.<sup>14</sup>

The Commission requires a standard and non-modifiable clause in all RPS contracts that requires “CPUC Approval” of a PPA to include an explicit finding

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<sup>14</sup> See, e.g. D.08-04-009 at Appendix A, STC 6, Eligibility.

that “any procurement pursuant to this Agreement is procurement from an eligible renewable energy resource for purposes of determining Buyer's compliance with any obligation that it may have to procure eligible renewable energy resources pursuant to the California Renewables Portfolio Standard (*Public Utilities Code Section 399.11 et seq.*), Decision 03-06-071, or other applicable law.”<sup>15</sup>

Notwithstanding this language, the Commission has no jurisdiction to determine whether a project is an eligible renewable energy resource, nor can the Commission determine prior to final CEC certification of a project, that “any procurement” pursuant to a specific contract will be “procurement from an eligible renewable energy resource.”

Therefore, while we include the required finding here, this finding has never been intended, and shall not be read now, to allow the generation from a non-RPS-eligible resource to count towards an RPS compliance obligation. Nor shall such finding absolve the seller of its obligation to obtain CEC certification, or the utility of its obligation to pursue remedies for breach of contract. Such contract enforcement activities shall be reviewed pursuant to the Commission’s authority to review the administration of such contracts.

### **CONFIDENTIAL INFORMATION**

The Commission, in implementing Pub. Util. Code § 454.5(g), has determined in D.06-06-066, as modified by D.07-05-032, that certain material submitted to the Commission as confidential should be kept confidential to ensure that market sensitive data does not influence the behavior of bidders in future RPS solicitations. D.06-06-066 adopted a time limit on the confidentiality of specific terms in RPS contracts. Such information, such as price, is confidential for three years from the date the contract states that energy deliveries begin or one year after expiration, whichever comes first, except contracts between IOUs and their affiliates, which are public. In this case, the contracts will be public one year after the contracts expire.

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<sup>15</sup> See, e.g. D.08-04-009 at Appendix A, STC 1, CPUC Approval.

The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.

### **COMMENTS ON THIS RESOLUTION**

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to Pub. Util. Code § 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

### **FINDINGS AND CONCLUSIONS**

1. The Silicon Valley Power (SVP) and Imperial Irrigation District (IID) agreements are consistent with the bilateral contracting guidelines established in D.06-10-019 and D.09-06-050.
2. The SVP and IID agreements are consistent with SDG&E's 2012 RPS Procurement Plan, approved by D.12-11-016.
3. The SVP and IID agreements include the Commission-adopted "non-modifiable" standard terms and conditions, as set forth in D.08-04-009, D.08-08-028, and D.10-03-021, as modified by D.11-01-025.
4. The Commission makes no determination regarding the proposed SVP and IID agreements' portfolio content category classifications because the RPS contract evaluation process is a separate process from the RPS compliance determination and portfolio content category classification.
5. Consistent with D.06-05-039 an independent evaluator oversaw SDG&E's negotiations with SVP and IID.
6. SDG&E's Procurement Review Group participated in the review of the SVP and IID sales agreements consistent with D.02-08-071.
7. The analysis of the sales agreements' price reasonableness is not precedent setting.
8. The total expected revenues of the SVP and IID agreements are reasonable based on the estimated costs to SDG&E ratepayers and the sales contracts' prices relative to SDG&E's recently executed sales contracts and market data.
9. Payments received by SDG&E pursuant to the SVP and IID sales agreements shall be credited to SDG&E ratepayers through SDG&E's Energy Resource Recovery Account (ERRA) over the life of the sales agreements, subject to

Commission review of SDG&E's administration of the SVP and IID sales agreements.

10. SDG&E is required to demonstrate in its ERRR Review Proceedings that its least-cost dispatch processes, operations and related spot market transactions comply with all applicable Standards of Conduct (SOC) (including SOC No. 4 concerning cost dispatch operations). SDG&E shall record the transactions authorized in this Resolution in its ERRR Balancing Accounts, and these transactions shall be subject to the Commission's ERRR Review Proceeding.
11. It is reasonable that SDG&E will be able to meet the terms and conditions of the SVP and IID agreements.
12. The confidential appendices, marked "[REDACTED]" in the public copy of this resolution, as well as the confidential portions of the advice letter, should remain confidential at this time.
13. AL 2491-E should be approved effective today.
14. AL 2504-E should be approved effective today.



**THEREFORE IT IS ORDERED THAT:**

1. San Diego Gas & Electric Company's Advice Letter 2491-E, requesting Commission review and approval of a sales agreement with City of Santa Clara DBA Silicon Valley Power, is approved.
2. San Diego Gas & Electric Company's Advice Letter 2504-E, requesting Commission review and approval of a sales agreement with Imperial Irrigation District, is approved.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 5, 2013; the following Commissioners voting favorably thereon:

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PAUL CLANON  
Executive Director

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## **Confidential Appendix A**

Evaluation Summary of the SVP and IID Agreements

[Redacted]